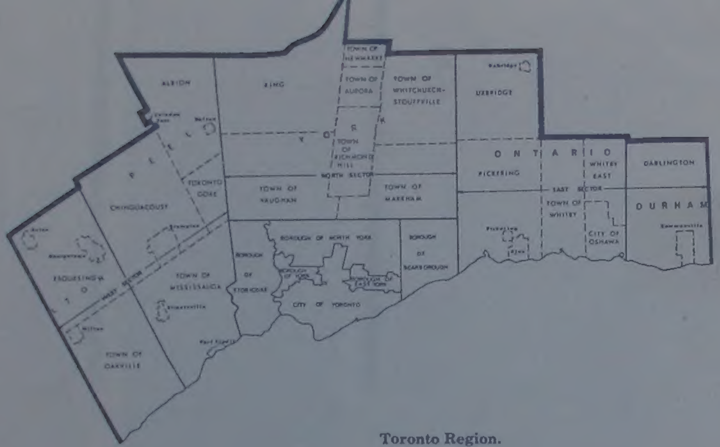


Toronto Region.

Preface

As part of the program to prepare an Official Plan for Metropolitan Toronto known as **Metroplan**, the Metropolitan Toronto Planning Department is undertaking or commissioning a series of studies on various aspects of the urban structure. This study, **"Potential Distribution of Service Industries"**, was carried out by Peat, Marwick and Partners and I.B.I. Group. The purpose of this digest is to present a summary of the major findings and conclusions in order to assist public discussion of the issues. Readers wishing greater detail should examine the complete report, which is also available from Metroplan, 10th Floor East Tower, City Hall, Toronto, Ontario M5H 2N2, or Telephone 367-8720.

Introduction

This report is about **office jobs**—how and why they are located where they are—what it would take to have them locate elsewhere in Metro or even beyond Metro's boundaries. The answers to these questions will aid in future policies to locate office jobs more directly to suburban housing, new local centres and public transit facilities.

The study is *not* concerned with all types of office jobs—it is restricted to that part of total employment that is called the **service industry**. This is made up of the following broad categories: financial institutions, consultants, real estate and property management, insurance institutions, labour and trade organizations, communications and transportation, printers and publishers, and, land development, sales and management. The study does **not** include the very large office sector of government employees.

Study Objectives

The objective of the study was to identify the conditions necessary for business and management service industries to locate outside the Central Business District but within the Toronto Region. The aims were, therefore, to gain an understanding of

- the locational distribution of existing service industries and the reasons for the choice of locations;
- changes which are taking place in locational choices or in the separation of the operations of specific firms between different locations;
- changes in the future which are being planned by specific firms or which would be feasible.

A survey was conducted of 119 firms involved in administrative, managerial or professional functions. Of this total, 65 were located in downtown Toronto, and 54 were "outside downtown", including beyond the boundaries of Metro. Geographic location, type and size of business were characteristics that were considered in choosing a firm for the study. As the study was based on a relatively small sample, it was not possible to make precise statistical conclusions, but important observations and patterns did emerge.

Factors Favouring a Downtown Location

Eight factors were identified which favoured a downtown location.

Concentration of Decision-Makers

The dense concentration of high level decision-makers within the small area of the downtown core was mentioned as a significant factor by nearly all the firms. This allows for a greater amount of person-to-person contact that can be critical in financial matters and quick, efficient business transactions. Fast inter-office exchanges through messengers, meetings on short notice, and a range of informal and unscheduled contacts are also possible.

Amenities

Local shopping facilities are important for employees, especially as an attraction to help retain certain clerical staff. Good hotels and restaurants are necessary for clients and out-of-town visitors. Business clubs and associations allow for personal contact to transact business among executives.

Prestige, Visibility

Most downtown locations are considered to be suitable, especially those near the financial district at King and Bay Streets.

Transportation

Downtown has a high level of accessibility. Some firms have adopted flexible hours to overcome problems of traffic congestion.

Staff Availability

Due to a good transportation system, and the amenities, there is relatively little difficulty finding staff for downtown firms. Suburban firms have to deal with the problem of staff who leave when opportunities closer to their homes become available.

Financial, Legal, Accounting and Related Services

It is important to firms to have these services within walking distance. It has to be recognized, however, that if major firms moved to the suburbs, many of these services would follow.

Support Services

A very important consideration is the availability of services such as printing, data processing, temporary help, catering, postal facilities and adequate waste collection. These will also follow new office complexes.

Special Institutions

Few firms considered physical proximity to government agencies as essential, however, for some, good access to Queen's Park and to Ottawa (by air) is necessary.

Several of these factors are just not as available at the suburban level. Physical distance prevents as much personal contact. The transit system and local road access is often very poor in outlying areas. Lack of varied housing makes it difficult to recruit and keep lower paid employees. There are, however, factors that do favour a suburban location and these will be discussed next.

Factors Favouring a Suburban Location

Traffic

Commuting to suburban locations is easier because it is often in the opposite directions to the downtown rush hour, also parking space is available at lower cost.

Accommodation

Somewhat surprisingly, the cost of office space is not much lower in suburban developments, however, the cost of storage space can be significantly lower.

Premises

In the suburbs, often buildings can be designed specifically for the client, or even named after the major tenant. Buildings near major highways have a high degree of visibility and they usually have good access to the airport. An important factor is the availability of room for expansion.

Commuting

Most firms found that after an adjustment period of 6 months to 2 years, employees tended to locate close to the office. This reduces the amount of time spent commuting. However, there has to be a suitable housing mix close by in order to match the varying income of employees. Working wives within close distance to the firms add to the labour pool.

Access to Airport

Access to the airport is an important location factor and is generally good in the suburbs.

Amenities

Hotels, restaurants and clubs are not as varied or as good as downtown. However, enclosed shopping malls are convenient, as are golf clubs and outdoor recreation areas.

Potential Candidates for Suburban Locations

The types of businesses that would be likely to locate in suburban areas are:

- newly established or diversified firms,
- insurance companies,
- data processing systems,
- research and development establishments,
- certain branches of international corporations,
- head office functions,
- regional sales offices,
- airport related activities,
- government functions.

These activities usually have less need for direct links with the financial core or personal business contact. Functions that are not essential to the head office, or relate directly to the public (i.e. utility accounts), can be moved to suburban locations. The ability of government to act as a leader and to stimulate decentralization has to be recognized. As government functions move out other businesses which interact with them would move also.

Factors Leading to Decision to Decentralize

Five major factors were identified that may influence a firm to decentralize.

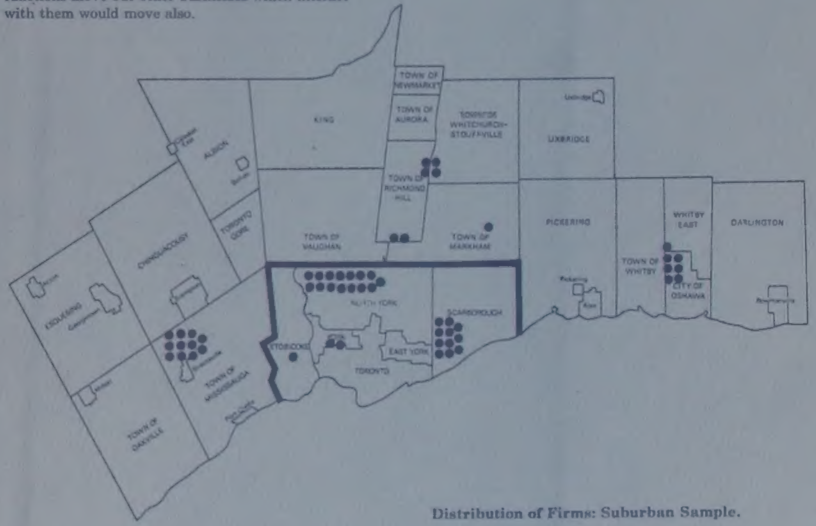
Need for additional space—either to bring together all its operations or to relocate some functions that are not essential to the downtown operation.

Lease has run-out—the timing and availability of space are key factors in the actual site of relocation.

Traffic congestion—this factor may increase in importance as firms expect that congestion is going to get worse in the downtown core.

Desire to decrease the journey-to-work—To achieve this there has to be varied housing in the area so that employees at all income levels can be accommodated.

Other subjective considerations.—Examples of this factor are considerations based on the desire to strengthen indirect business relationships or the convenience at being located close to the homes of senior executives. Each company will have different individual needs.



Distribution of Firms: Suburban Sample.

Specific Criteria for Site Selection Outside the Core

Listed below are a series of items that most firms would desire when selecting a new site. The three most significant are transportation, community environment and availability of labour.

Transportation
Firms require a high level of accessibility for employees, visitors, clients and suppliers. Important considerations are:

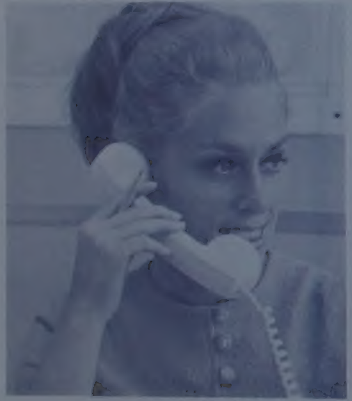
- location of major suppliers, customers and clients
- access to highways and roads
- access to transit stations and airports
- quality of local transportation—public transit and roads

General Environ
For a site to be suitable there are certain needs of the employees that have to be met. The important factors are:

- housing availability, a good mix of type and price
- educational facilities
- community services (shopping, banks, health care, recreation)
- level of public safety and civic pride

Community Management
A firm desires a growing rather than stagnant area. To be considered are:

- public services such as police, fire protection, and garbage collection
- existing and proposed planning policies including zoning by-laws
- tax rates



Availability of Labour
Firms want to be able to employ area labour who have the skills the company requires. This is closely linked to:

- the availability of housing within the comminity and neighbouring areas

Public Relations, Prestige and Visibility
Not all firms are concerned with this, however, most would consider:

- the general reputation of the community and the area
- visibility from ground approaches to an airport or along major roadways

Other Considerations
These vary with the particular requirements of a company. They include such factors as:

- quality of surrounding hotels and restaurants
- quality of communication networks

Possible Planning Measures
Any measures that can be put into action will have limited success unless they are considered in the total regional context.

The Regional Context

Controlled development within the region will require co-ordinated action by many levels of government. If a significant proportion of future service industry employment is going to be dispersed throughout the region, the following factors will require joint government action:
Transportation—good accessibility to other areas, to the downtown, and to the airport.
Development—there is a need to attract firms that will in turn attract smaller firms to service them. The government could play an important role here.
Amenities—a variety of shopping facilities, hotels, cultural establishments, etc. are needed.
Labour Force—The right mix of housing and good local transportation is needed to attract a diversified labour force to suburban areas.
The Provincial Government has already investigated these issues. In 1970, the concept of the Toronto Centred Region was put forth. More recently the Central Ontario Lakeshore Urban Corridor (COLUC) Task Force has suggested that the Toronto Region be developed in a hierarchy. Within the hierarchy there are different sized centres performing certain functions for their own population, and for other urban centres. The only Class 1 centre would be the downtown core, while Hamilton, Mississauga, Oshawa/Whitby and North York would be Class 2 centres. The next level of the hierarchy would be the Class 3 centres of Oakville, North Pickering, Aurora/Newmarket, Scarborough and Etobicoke.

Methods of Implementing a Regional Policy

The COLUC Task Force recommendations are not yet official Provincial policy. They underline the need for a co-ordinated program of action to support development of the total region. This in turn would assist the objective of decentralization of office employment. Metropolitan Toronto needs to make major decisions in this area now. Studies would have to be done to determine exactly the:

- potential candidates, by type, to locate in peripheral areas
- total office employment that would be created
- specific functions, either specialized or diversified, for each centre.

The region strategy would act as a framework within which each centre could try to attract the development for which it is best suited.

Another way to encourage decentralization are positive or negative measures. **Positive measures** can be taken in the form of grants and other financial incentives administered by higher levels of government. The purpose and effect of grants would have to be carefully examined. They would have to be carefully examined. They would probably only be effective when there are no major problems within particular locations.

Negative measures would be policies that discouraged the growth of office employment in the downtown core. An example of this is the City of Toronto's current attempts to establish permanent guidelines to limit development within the core.

Conclusions

The various factors listed above point to a potential competition between suburban town centres to attract office development. The study considers that it is very doubtful that four or five major town centres could viably be developed in competition with each other. Under free competition, Mississauga, North York and Scarborough may have the best chance of attracting the lion's share of decentralized office development. Oshawa and Hamilton are also probably capable of facing this competition, but other centres such as Etobicoke and North Pickering would quite likely get a very minor share of the total amount of decentralized office employment.

It appears that a borough centre in North York would have the best chance of developing quickly. This is because of the existence of very good transportation in the area, including the Yonge Street subway, the forthcoming Spadina subway and Highway 401. North York already has an existing housing infrastructure, a diversified economic base guaranteeing the availability of a variety of labour, and a commercial, cultural and recreational infrastructure.

Etobicoke is facing stiff competition from the City of Mississauga. In addition, it is mostly a residential borough whose employment base is not as diversified as North York. The southern part of the borough is well served in terms of transportation, but the area is mostly industrial and probably not very attractive for high quality offices. A good location for a borough centre would be in the Islington and Bloor area, but because it is far away from much of the borough's population to the north, it is doubtful whether this location can evolve into a viable centre.

Scarborough enjoys the advantage of having started on its town centre, with the Scarborough Civic Centre. The concentration of civic functions and shopping facilities in a well-designed environment seems to point to a very high potential for this area. A major requirement might be the provision of good transportation access from the rest of the borough, to take advantage of the large population and employment base of the borough.

Whatever developments take place in the suburbs, the downtown core of Toronto will continue to be the most attractive site for offices. As the centre for financial institutions, with a high level of personal contact, it will maintain its dominant role. The potential for decentralization of newly established or diversifying service industries, such as data processing, insurance and some government functions, already exists. There is a clear need for a regional strategy if decentralization is to be effectively coordinated.

Metroplan

Prepared and designed by the Metropolitan Toronto Planning Department, 1975.

Potential Distribution of Service Industries: A Summary

This summary is one of a series of digests of planning studies prepared as background information and analysis for **Metroplan.** Metroplan is a project of the Metropolitan Council and Metropolitan Planning Development, designed to involve citizens in the preparation of a new plan for Metropolitan Toronto.